

News for and about the Philip Morris Sales Force



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# *Masters*

IN DISTRIBUTION EXCELLENCE

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# FROM THE EDITOR

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**W**elcome to the 90's. As you work towards the most important calendar flip in a thousand years, the challenges you face will be great. But you can be assured you'll have high quality products and programs backing your efforts in the Field.

One such program is Masters in Distribution Excellence. As this dynamic concept evolves over the coming decade, it will benefit both PM and our direct buying customers. Read our cover story to learn how time spent partnering with our Masters accounts is time well spent.

The center section of this issue is devoted to your tobacco

memorabilia collections. It seems that many of you search back rooms, attics, flea markets and antique shops for tobacco "anything." My thanks to those of you who share a little bit of cigarette history with our readers.

THE FORCE is eager to cover all of your activities and milestones, but we can't be everywhere. When you work a Sales Force event, don't forget to mail us pictures!

Start the year off right and enter our annual Super Bowl competition on the Back Page.

Happy New Decade!

*Betsy Fross*

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# THE FORCE

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## IN THIS ISSUE

Masters	
Dynamic Partnering For The 90's . . . . .	4
The Big Apple Experience . . . . .	8
PM Memorabilia . . . . .	10
Cambridge Bowling . . . . .	14



PAGE 14

## DEPARTMENTS

On The Move . . . . .	15
News From The Regions . . . . .	16
A Sense Of The Past . . . . .	20
Showcase . . . . .	21
Building Business . . . . .	22
The Back Page . . . . .	24



PAGE 22

## ON THE COVER

SAM Gene Ruggiero . . . see Masters article page 4.

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# Masters

## Dynamic Partnering for the 90's

*SAM's and AM's are talking business with top management of direct accounts.*

*SR's purchase van stock quicker and bill through more jobbers.*

*Retail service levels are up on PM cigarettes.*

A year after its introduction, the Masters in Distribution Excellence Program has created a unique "partnership" between Philip Morris USA and our direct accounts. As we enter a new decade, Masters provides a strategy for the future growth of our products. It represents management's commitment to the future of the cigarette business in terms of dollars, programs, manpower, time and effort. The objectives of the program are to:

- Strengthen the distribution community
- Increase retail distribution
- Reduce out-of-stocks on PM packings
- Improve dialogue between customers and the Field
- Increase our knowledge of the distribution business
- Improve services to the Sales Force

In a interview with *U.S. Distribution Journal*, Ehud Houminer,

President and CEO of PM USA, hails Masters as a success and expresses management's commitment to this dynamic program:

"... We see long term growth and prosperity in the tobacco business. We embarked on the Masters program because an efficient distribution network is a very big part of our business. We want to support the people with whom we do business. The resources we have invested in Masters underline the depth of our support."

Houminer also gives us a sense of how Masters builds our business through partnering with customers:

"When our people go in to make a call on a direct customer now, we are never at a loss to talk about something meaningful for the business. Masters has enabled us to learn more about our customers' business, how they run it, and how they make money at it, and how we can enhance

their profitability. It has encouraged our customers to understand the responsibility they have with us. It doesn't stop at the dock at their warehouse. That's where it begins. I am confident this will form the basis of our partnership for the 1990's."

To date, results from our direct customers indicate that they're in tune with the program. Participants have received financial rewards for their performance on behalf of PM products as they reach higher levels of partnership. Masters helps them to move beyond the short-term and prompts them to pay attention to account profitability and other aspects of their businesses. Customers are gratified with the levels of sophistication they've achieved balancing both the bottom line and the long-term health of their businesses.

"Masters is a Field Sales program," says Rich Medwar, Director of Trade Development. A real sense of ownership by both PM's direct customers and the Sales Force keeps it living and breathing. "We're still learning a lot about the process of developing relation-

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ships with our customers," continues Rich. "but we're over the hurdle and looking to build on our momentum in the 90's." He says that listening to customers and the Field is a key element in the relationship-building process. What can we look forward to in year two of Masters? According to Rich,

"We've broadened the depth and dimensions of the program to include greater retail service levels on all our products, allowing our customers the opportunity to help us improve PM's position in the marketplace and earn greater profitability at the same time. Our objective is to insure that Masters continues to provide the impetus for both PM and our customers."

How does Masters expand the capabilities of the Field? Partnering with customers yields results that increase coverage in the retail marketplace. Within the framework of Masters, direct accounts become our allies to supplement our sales and marketing activities. Time spent on Masters is time well spent.

SAM Rick Bucciarelli from the D.C. area puts his experience with Masters into concrete terms:

"Having worked the program for a year, I know how much work it is, but for two reasons I know it's worth the effort. First, Masters has the potential to increase PM sales by improving the availability, visibility

	Large	Medium	Small
A (Excellent)	55%	48%	31%
B (Above avg)	36%	43%	41%
C (Average)	11%	11%	28%
D (Below avg)	0%	0%	0%
F (Failing)	0%	0%	0%
Average grade	B+	B+	B

Despite the flood of new product introductions and the debate over slotting allowances and failure fees, wholesale distributors—large, medium, and small—rate their relationships with suppliers as very good overall. For more complete information, turn to page 20.

## Slotting fees used widely

Wholesalers say they may become dominant: study

The use of slotting allowances has become pervasive among wholesaler distributors and the practice may become more so in 1990, according to a U.S. Distribution Journal survey.

About 65 percent of the respondents to the Journal's Annual Report survey said they apply some type of slotting fee to products coming into their warehouses. Of that number 40 percent said they would increase

the use of slotting allowances next year.

Despite the increased talk of "failure fees" for products, this practice is not pervasive among wholesalers and it may not become so in 1990.

Wholesalers rate their relationships with suppliers as very good overall (see graphic, left), even so, wholesalers believe there is room for improvement in their dealings with suppliers.

A full 66 percent of respondents say they hope to increase their efforts for more or better supplier cash discounts in the coming year.

In addition, 71 percent said they would increase their effort to secure more or better supplier merchandising aids, and 61 percent they would work toward more or standardized or "equal" supplier deals.

Complete Annual Report results begin on page 20.

PM REPORT CARD

### Masters, one year later

Is it meeting expectations? changes slated for 1990

NEW YORK Philip Morris USA has announced changes to its Masters in Distribution program for 1990. The program, which began in 1988, is designed to help wholesalers improve their performance in the marketplace.

One of the most significant changes in Masters for 1990 is raising the base performance level. "The rewards are higher, quite frankly," Houshiner said, "but the expectations are too."

The "remedy" is which Houshiner refers to is the increase Philip Morris has made in the Partnership Program. In 1990, the program will see a 20 percent increase in the maximum per case payment level that can be achieved.

Philip Morris also has revamped the criteria under the Excellence Program. "We have dramatically simplified the criteria," Houshiner said. "We've reduced the number of criteria we judge excellence on, and we've simplified the scoring system."

Other changes to the 1990 Masters Program include:

- Expanding the program to include more wholesalers.
- Increasing the number of products included in the program.
- Expanding the program to include more products.

Turn to page 10

## Nabisco brands to sweeten Nestle's pot

Drastic effect not expected

NEW YORK Food industry analysts suggest the recent purchase of Butterfinger, Baby Ruth and Pearson Confections from RJR Nabisco will be beneficial to Nestle, but will not drastically affect the overall market.

The \$370 million cash transaction was part of RJR Nabisco's continuing effort to reduce the huge debt they incurred as a result of the leveraged buyout earlier this year.

Ronald B. Morrow, a food analyst with Smith, Barney, Harris, Upham & Co. explained that while Butterfinger and Baby Ruth will be "a good chunk of business for Nestle, it's not enough to seriously change the company's overall market share."

"What if the acquisition does give Nestle a little more penetration at the wholesale and retail levels, which may prove beneficial over time."

Morrow and other analysts agreed the \$370 million purchase price was "on the high side," but added the Franklin Park, IL, plant included with the deal could be renovated to accommodate future Nestle brands.

Turn to page 42

**FAST BREAK**

SECTION 59: THE controversial section of the tax code governing employee benefits has been repealed. Wholesalers and other businesses have argued that compliance under Section 59 would have caused an "accounting nightmare." President Bush signed the repeal legislation last month.

Ehud Houshiner applauds Masters in a recent interview with U.S. Distribution Journal.



AM Nicki Beaudette forms solid partnerships with her accounts by being flexible and focusing on customer needs.

and inventory levels of our products. Second, and maybe more importantly, are the benefits PM sales people get. Masters gives the Sales Force the opportunity to learn how our direct accounts operate. That knowledge goes beyond the cigarette category. I've improved my business acumen by learning how my Masters accounts function; how they make money. That knowledge makes me a better business person and improves the relationships I have with my accounts."

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*SAM Gene Ruggiero and Peter Strauss of Metropolitan, the country's fifth largest tobacco distributor. Metropolitan has successfully used business building credits to reward their employees for performance.*

One of Rick's Masters accounts is the Southland Distribution Center in Falmouth, Virginia, which services 3,000 retail outlets from Maine to North Carolina. He holds it up as an example of how Masters creates opportunities we can use to our advantage and how the benefits of Masters can multiply, eventually making a significant impact at retail.

"Because of Masters this Southland Distribution Center accepted 12 for 1 for the first time during the Alpine introduction. They shipped it to their stores, automatically making the promotion available and visible in about 300 outlets — without tying up a lot of our Sales Reps' time.

"The strides we've made partnering with our customers — especially building new relationships — are significant," says Hartford SSD Dave Simoneau. "In Bozzuto's," for example, "we've worked with top management since the launch meeting, helping them achieve high levels of excellence and partnership."

AM Nicki Beaudette, who works in Dave's Section, has been key in developing this winning relationship with Bozzuto's, which services primarily high volume retail outlets. "Thanks to Masters," says Nicki, "I've 'racked' 20 Bozzuto's outlets — mostly convenience stores and supermarkets." As she tells it, partnering doesn't end with accounts:

"The relationship between the distributor and the retailer is a key to success. It's a partnership that's built on mutual respect and understanding. It's a relationship that's built on a foundation of trust and communication. This kind of communication among ourselves up and down the line has been vital to our successes."

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[illegible]

Masters "has reached a new level of sophistication and potential benefit for people who sell cigarettes," Strauss says.

In the end, we're talking about a long-term performance program. First year results show that Masters' goals are indeed achievable. The program is already the springboard for many business-building relationships. Masters is a dynamic process which involves the Field, customers and the NYO. The program hinges on forging alliances, partnering and looking at things in a new way. Time spent on Masters is time well spent and will help us achieve our goals of increased unit sales and share gains in the next decade. ■

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## THE BIG APPLE EXPERIENCE

### WHO, WHAT AND WHERE

**WHO:** MAP candidates  
Managers rated "commendable" or above  
Two per Region selected randomly

**WHAT:** The Big Apple Experience

**WHEN:** Quarterly

**WHERE:** Philip Morris World Headquarters

**WHY:** Recognize Field Sales accomplishments

**HOW:**

- A two-day all expense-paid trip to New York City
- An informal roundtable discussion between senior management and Sales Force members from across the country
- The chance to meet and exchange ideas with many NYO co-workers and see Headquarters in operation
- A "night on the town" that includes dinner in a famous New York restaurant and a Broadway show



*No trip to New York would be complete without dinner and the theater. Mac Hegwood, Don Willis, Mark Louley, Marc Schuler and Robert Bagley (from left) meet in the lobby of World Headquarters for a night on the town.*



*Vickie Berner, Manager, Marlboro Target Marketing (center) led a lively exchange based on her experiences with Marlboro Racing in Syracuse. Kathy Kalkines, Darlene Castleman and Don Willis (from left) focus in on target marketing strategies in their regional markets.*

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*John Bonnett, who wanted to learn more about Sales Training, gets a first-hand look at operations from Tom Godwin, Manager, Management Training (right).*



*Big Apple participants at Grand Central Station: SSS Don Willis from Colorado; Connecticut SAM Mark Lorley; New Jersey DM Mike Zenobi; California SSS Darlene Castleman; Florida DM Kathy Kalkines; Virginia DM Ken Hamlett; Oklahoma DM Robert Bagley; DM John Bonnett and RMM Marc Schuler from Kentucky and Louisiana DM Mac Hegwood (from left). All aboard for the Kearny Distribution Center.*



*"Marc Schuler calls me at least twice a week to get his hands on spring loads . . . 4 foot maxi's . . . whatever," smiles Rich Harvell, Manager, Account Program Coordination (right). "I'm glad I finally got to meet him."*

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# PM MEMORABILIA

## From Clocks That Keep Ticking To Musical Lighters

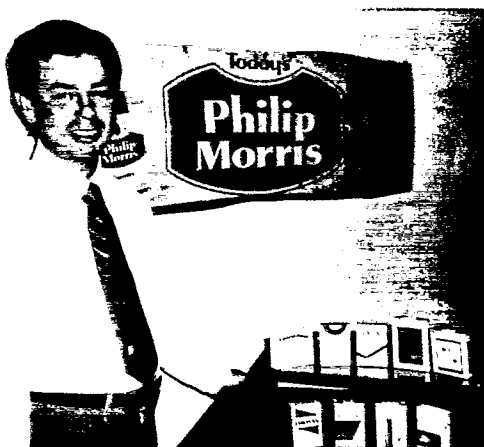
*All across the USA people are collecting today as never before. Not surprisingly, the Sales Force is no exception. From matches to tins, cigarette packs to lighters and signs to store displays, your tobacco collections range from one piece to "big enough to fill two warehouses." Little Johnny, world famous symbol of Philip Morris, appears on many of our early advertising items. He still calls for Phil-lip Mor-rees today in your collections. All these bits of memorabilia make up a mosaic of PM USA history and give us a glimpse of an entire industry. Thanks for sharing your collections of promotional items from the past.*



*SSS Jeff Smith is a newcomer to the tobacco memorabilia business. He's off to a fine start with this framed "Call For Philip Morris" poster.*



*Irving Wise of the Boston area retired from PM 19 years ago after a 36-year career. "I passed my collection on to my son first and then to my grandson," he explains.*



*Iowa AM Chris Frank's cigarette packs include Puritan, Northwind, the original Cambridge full margin, and Multifilter in the humidor pack (bottom from left) as well as English Ovals, Barking Dog, Sunland and Players 25's test packs (top from left).*



*SR Tina Mayfield of Bend, Oregon, looks in old stores in rural areas for PM and competitive advertising pieces. Her passion for tobacco advertising began eight years ago when she first joined the company. Besides various Philip Morris brand packings, her collection includes this Little Johnny easel and a Marlboro metal thermometer.*

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*Sporting a Marlboro T-shirt, SR Daniel Lessard of Maine explains that his Dad left him many tobacco treasures. As a result, Dan had a good start when he joined PM two years ago. He is proud to own a Philip Morris tin, Sample 4 pack and matches, and a white Marlboro pack from when the brand was ivory tipped and marketed as a woman's cigarette.*



*SOPM Chuck Evarkiou displays part of his collection in his Pasadena, California, office. The two round Philip Morris clocks on the wall are among his favorite pieces. A collector for more than 20 years, Chuck frequents antique stores, swap meets and flea markets.*

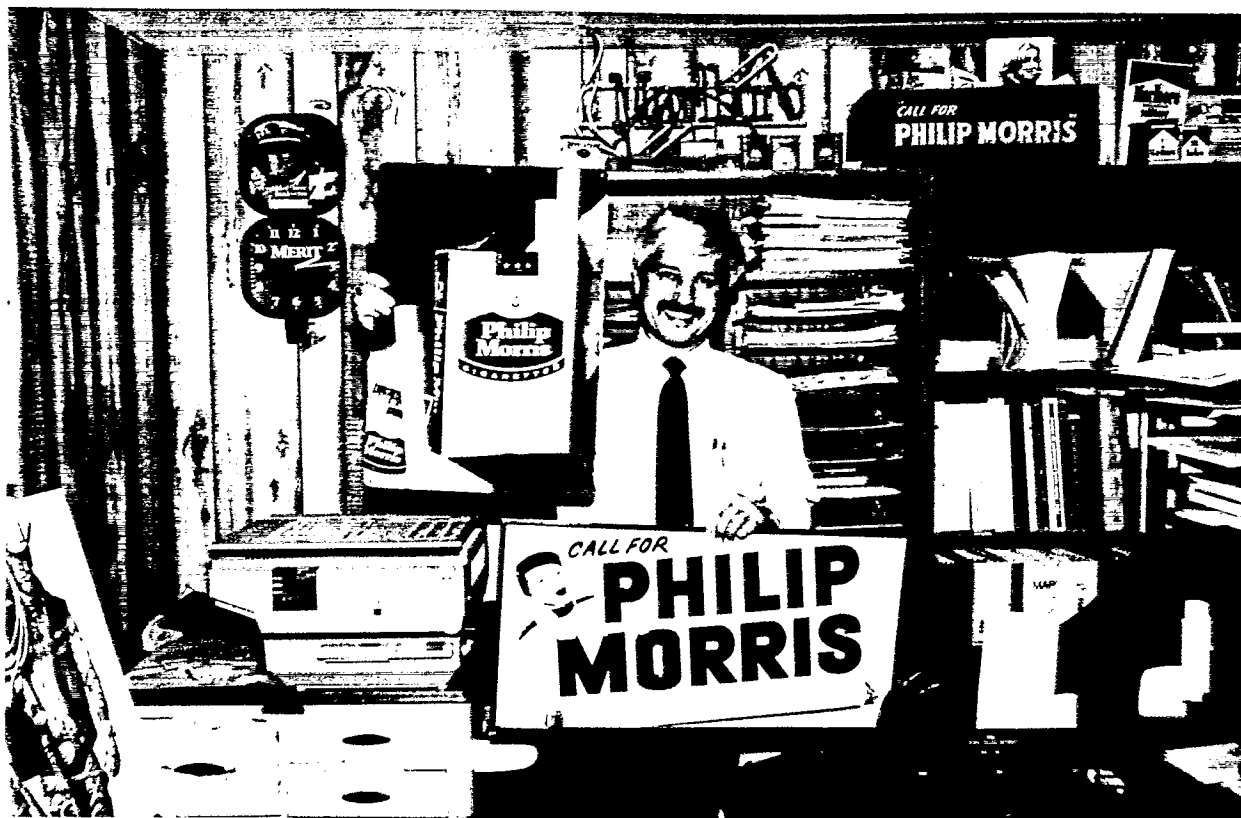


*DM Cathy Wagner's search of back rooms and attics yielded this wooden pack display. Retiree Nick Larkin writes that this PM clock is still running and keeps perfect time.*

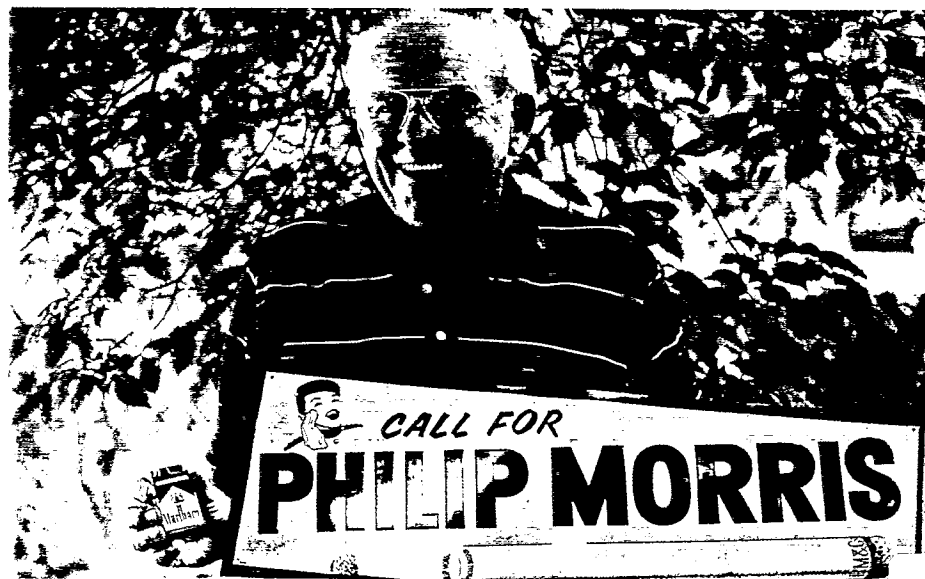


*This photo shows how different Marlboro advertising is today. Our thanks to retiree Ivan Prichard of Knoxville, Tennessee, for sharing this memory.*

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*DM Rich Hufford reads trade and collector magazines in Louisiana to track down old tobacco advertising pieces. His collection includes a Virginia Ovals tin, a PM sample tray and Little Johnny buttons.*



*"These are my two favorites," says smiling retiree Ralph Barnwell who collected during his 38-year career with the company. The lighter plays the Marlboro theme song. Frances Morland, widow of another retiree, Bill Morland, wrote to say that she too is the proud owner of one of these lighters. The metal sign Ralph holds is, like much of his collection, in mint condition.*

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*Texas DM Denny Olmstead boasts two personal warehouses of tobacco memorabilia. "When I retire," says Denny, "maybe I'll decorate a restaurant or a club with what I've accumulated over the years." For Denny the thrill has been in the "hunt" for various pieces that he says all have a story behind them.*



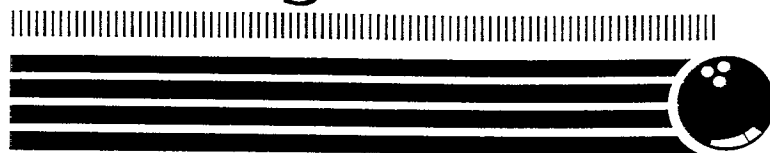
*Donna Lipka of the NYO is intrigued by early Marlboro ads that date back to 1926 promoting the brand as a cigarette for women.*



*DM Jerry Jacobson of Dodgeville, Wisconsin, shops antique stores to find old PM advertising.*

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13

# Cambridge BOWLING



## Rolling Strikes

To kick off the first Cambridge Bowling sponsorship, the Sales Force recently sampled smokers in over 200 bowling centers throughout the country. This high visibility sponsorship is aimed at increasing trial and awareness for Cambridge, while affiliating the brand with the largest participation sport in the U.S.

The central component of Cambridge Bowling is a national grass roots tournament open to all amateur league bowlers. Over 214,000 bowlers in 35 states participated during the five-week local level competition. Many members of the Sales Force bowled in the tournaments and had a great time.



*SR's Anita Gailliard (far left) and Judy Rogers (far right) present trophies to the male and female bowling champions who will represent New York State at the \$100,000 Cambridge National Pro-Am in Reno, Nevada.*



*In Charlotte, North Carolina, SR's Harvey Freeze, Eddie Riggins and Frank Skidmore (from left) and friend Crystal Costner chose the name "Cambridge Smoke" for their team. They won Cambridge Star of the Game certificates, qualifying for the national finals.*

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# *On The Move*



**Mark R.  
Becker**  
advances to

Area Manager in Bellevue, Washington. He was previously a Sales Representative.



**Don  
Burchfield**  
has been

promoted to Division Manager in Charleston, South Carolina. He had been an Area Manager.



**Margaret D.  
Carden**  
steps up

from Area Manager to Division Manager in Atlanta, Georgia.



**Edward E.  
Clem III**  
is our new

Senior Accounts Manager in New Orleans, Louisiana. He had been a Division Manager.



**Rick  
Mitchum**  
moves from

Section Sales Supervisor to Section Operations and Planning Manager in Dallas, Texas.

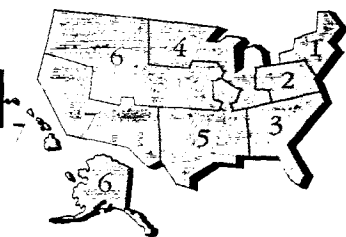


**Alan  
Rexrode**  
assumes

the Section Sales Supervisor position in Oklahoma City, Oklahoma. He was previously a Division Manager.

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# NEWS FROM THE REGIONS



## Northeast Region

### Welcome

Sales Representatives Anthony Bianco, Diane Brown, Wayne Cox, Gregory Durnin, George Hakim, Shirley Harper, Rachel Meyers, Jason Murray, George Salamenta, Matthew Smith, Linwood Stevens and Lyndon Swammy. Also welcome Merchandising Representative Patricia Woja and Merchandising Assistant Jill Petraglia.

### Anniversaries

25 Years — SSS Jerry Donahue. 15 Years — DM Ed Miller. 10 Years — RM Larry Clark, SR Michael Corbett, DM Ed Holbert, AM Dennis Karageanis, SR Kevin Prendergast and DM Samuel Smith. 5 Years — AM Tony Buscaglia, DM Venessa Greer, SR's Lawrence Ingram and Joyce Mosley, RM Bob Nichuals.

### Congratulations To

RMM Victor Valle and his wife, Cathy, on the birth of their daughter, Lenina.



AM Jay Maloney (right) marks his ten year anniversary with SSS Dennis Cassell.



SR Martha Ohlweiler (second from left) gets a nice going for five PM years from SSS Dick Lodi, DM Carol Cook and SSD Dave Simoneau (from left).



DM Dave Bray (left) and RMM Jim Ruotolo take time out to offer RM Dave Bratton (center) best wishes on his tenth anniversary.



DM Tim Geppner (center) accepts his ten year award from SSS Dick Lodi (left) and SSD Dave Simoneau.



RMM Victor Valle (center) receives best wishes for 15 PM years from SOPM Tony Keane and SSD Gary Salvato (right).



RMM Ron Blake (left) congratulates RM Bob Winward on his tenth anniversary.



SOPM Tony Keane (left) and SSS Joe Copeland offer tenth anniversary best wishes to SAR Paul Pimentel (center).

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## Southeast Region

### Welcome

Sales Representatives Tamara Chagnon and Damon Moats.

### Anniversaries

30 Years — AM Jim Nesbitt. 25 Years — SAM Ed Glanz and DRS Ken Sass. 20 Years — AMMS James Greene. 15 Years — SR James Farr. 10 Years — AM Michael Griffin, SR Michael Hill and AM Paul Makemson. 5 Years — SR Diane Barnes, SR Solomon Everett, SR Francesca Giddings, SR Carl Gresham, SR Christopher McDaniel and SR Peter Panay.



**SR James Farr** (right) receives congratulations for 15 PM years from DM Phil Hamrick.



**SAM Ed Glanz** (center) celebrates his 25th anniversary with DRS Ken Sass (left) and SSD Lance Jones.



**SR Dale Brown** (second from left) merits the spotlight for five PM years. SOPM Joe Reed, DM Ken Heps and SSD John Love (from left) join in.

## Southwest Region

### Welcome

Sales Representatives Gary Ikerd, Lisa Peterson and Randy Shaw. Also welcome Merchandising Representative Marie Mercer.

### Anniversaries

30 Years — AM Bob Bauer. 20 Years — SR William Rister. 15 Years — AM's Don Johnson and Bob Satterwhite. 10 Years — SR Gregory Herbst, SR Thomas Huff, SR Steven Jerden, SR Patricia Mason, DM Jim McCarthy, SR's Thea Parnell and Kim Reeves, DM Hank White and RMM Jerry Wylie. 5 Years — SR Dannie Liggans, SR Mishell Nelson, SR Teri Presley, SR James Swanner and SR Alan Woods.



**DM Hank White** (center) gets a nice going for his ten year anniversary from SSS Jack Bowell (left) and SOPM Dave Gentry.



DRS Charles Finch extends best wishes for 15 PM years to **Region Admin. Assist. Lillian Marshall**.



**SR Pat Mason** receives her tenth anniversary award from SSS Joel Bond (left) and DM Wayne Oglesby.

## Midwest Region

### Welcome

Sales Representatives Neil Brown, Michael Hampton, Louis Lopez, Pamela Mack and Todd Taylor.

### Anniversaries

20 Years — SSS Dave Wiley. 10 Years — SR Dianne Berent, SR John Gillians and SR Candace Mersch. 5 Years — SR Jeffrey Buss, DM Charles Glisson, SR's James Nehrbass and Dorothy Williams.

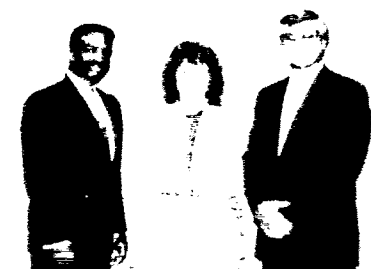
### Congratulations to

DM Tom McGough and his wife, Lucinda, on the birth of Scott Thomas. Tom, who pitched for the Cleveland Indians, says Scott looks like a right-handed pitcher.

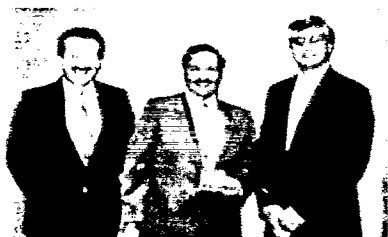
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**SR Ed Kilroy** (center) gets a nice going for his fifth anniversary from DM Mark Nagle (left) and SSS Bud Halke.



SSS William Gardner (left) and SSD A. B. Campbell help **AM B. J. Marshall** celebrate her 15th anniversary.



SSS Joe Russell (left) and SSD A. B. Campbell offer regards to **AM Jay Inendino** (center) for 15 PM years.



SSS William Gardner (left) and DM Bob Hurban offer fifth anniversary congratulations to **SR Sheila McMahon**.



**SR Michael Thompson** (right) marks his fifth anniversary with SSS Joe Russell and DM Sandra Boyd.



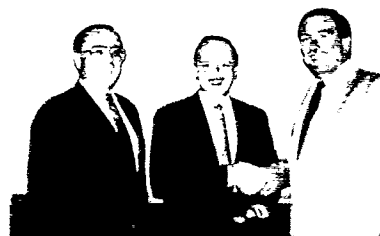
**DM Jeff Roper** (center) accepts 15th anniversary congratulations from SSS William Gardner (left) and SSD A. B. Campbell.



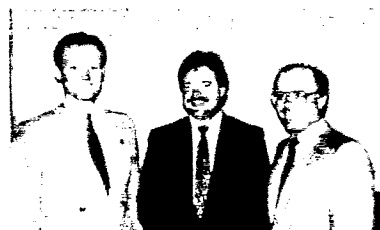
**DM Rich Kuchnicki** (right) receives his ten year award from SSS Roger McAlister.



**SR Linda Saxon** gets double congratulations for her fifth anniversary from SSS Bud Halke (left) and DM James Wynn.



SOPM Joe Gainard (left) and SSD Charlie Miller (right) join **SSS Jim Kelly** for his tenth anniversary.



**SR Ed Murry** (center) commemorates his five years at PM with DM Tom McGough and SSS Dave Wiley (right).



**AM Quentin Wyatt** (center) accepts best wishes from SOPM Joe Gainard (left) and RMM James Novak for five PM years.



**SR Lisa Swanson** (left) is happy about receiving her five year award from DM Sandra Butkin.

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